

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of Compliance Filings)
by Kansas City Power & Light Company,)
Westar Energy, Inc., Kansas Gas and) Docket No. 19-KCPE-053-CPL
Electric Company and Evergy, Inc.)
Pursuant to the Commission's Order in)
Docket No. 18-KCPE-095-MER.)

CURB'S RESPONSE TO STAFF'S REPORT AND RECOMMENDATION

COMES NOW the Citizens' Utility Ratepayer Board (CURB) submits its Response to *Staff's Report and Recommendation* filed with the Kansas Corporation Commission (KCC or "Commission") in the above-captioned docket on May 25, 2022.

1. On March 31, 2022, Evergy submitted its Earnings Review and Sharing Plan ("ERSP") compliance filing as required by the Commission in Docket No. 18-KCPE-095-MER ("Merger Docket"). In the ERSP filing, Evergy explained that the earned ROEs of Evergy Kansas Central and Evergy Kansas Metro for 2021, with appropriate adjustments, did not exceed 9.3% and therefore did not result in any additional bill credits.¹

2. On May 25, 2022, Staff filed its Report and Recommendation ("R&R") regarding Evergy's ERSP, indicating that it had conducted an audit of the ERSP filing. For both Evergy Kansas Central and Evergy Kansas Metro, Staff recommended certain adjustments be made to the ERSP, but those adjustments did not change the outcome that no additional bill credits would be due to ratepayers of either entity.²

3. Staff conducted its audit of the ERSP based on the guidelines outlined in the Non-Uniform Settlement Agreement approved in the Merger Docket. Staff thoroughly reviewed the

¹Earnings Sharing Plan and Compliance Filing, March 31, 2022.

² Staff Report and Recommendation, p. 5.

ERSP models filed by Evergy Kansas Metro and Evergy Kansas Central to ensure all pro forma adjustments and calculations necessary to calculate the earned ROE on a KCC-jurisdictional basis reflected all typical ratemaking adjustments necessary to convert the financial books of the utilities to a rate-base rate-of-return basis. These adjustments and calculations included: (a) the calculation of rate base reflecting actual balances for plant in service, accumulated depreciation, etc., presented on a KCC-jurisdictional basis; (b) the calculation of interest expense, synchronized to rate base, and using the actual utility weighted average cost of debt; (c) the removal of FERC-regulated returns on transmission investments and all associated assets, revenues and expenses; (d) the removal of asset retirement obligations from rate base; (e) the removal of any other capital investment or expense which the utilities have committed not to recover in utility base rates or that the Commission disallowed for recovery in the 2018 rate cases on the basis that the expense (or capital investment) does not provide benefit to ratepayers or is unnecessary for the provision of efficient and sufficient utility service; (f) reclassification of any out of period items to another period; (g) adjustments to present the utility's provision for income tax expense on the basis of its KCC-jurisdictional cost of service; (h) adjustments to restate the utility's depreciation expense and accumulated depreciation to a KCC-jurisdictional cost of service basis; (i) adjustments to present cash working capital; (j) adjustments to present appropriate working capital balances as either year-end or 13-month average balances, depending on whether the balance exhibited trends or fluctuations throughout the year; and (k) adjustments to include regulatory assets and liabilities that the Commission previously authorized for inclusion in rate base, or amortization to the cost of service.

4. Staff ensured the ERSP filing did not include any adjustment typically meant to normalize or annualize a test period for ratemaking purposes such as adjustments to update the

calendar year results, annualize year-end plant or expenses, remove one-time or nonrecurring expenses, etc.³

5. During its audit of the ERSP filings made by Evergy Kansas Metro and Evergy Kansas Central, Staff identified various adjustments that Staff contends should have been made based on the guidelines listed above. While the impact of these adjustment did not result in an additional credit to ratepayers in this year's compliance filing for either entity, Staff recommends these adjustments, if applicable, be made in Evergy' s future ERSP filings.⁴

6. The results of the ERSP filed for Evergy Kansas Metro for the calendar year 2021 indicated a revenue deficiency of \$1,498,549.⁵ The effect of Staff's recommended adjustments results in a revenue deficiency of \$1,341,230.

7. The results of the ERSP filed for Evergy Kansas Central for the calendar year 2021 indicated a revenue deficiency of \$106,217,542. Staff's recommended adjustments result in a revenue deficiency of \$103,774,750.⁶

9. Staff recommends the Commission approve Evergy's ERSP compliance filings with the exception of the adjustments discussed above, which results in no additional bill credits for Evergy Metro and Evergy Central customers.⁷

10. CURB has analyzed Evergy's application, as well as Staff's calculations and conclusions in its R&R, from the perspective of residential and small commercial ratepayers. CURB supports Staff's conclusions and recommendations concerning Evergy's filing.

³ *Id* p. 4

⁴ *Id*

⁵ *Id*

⁶ *Id*

⁷ *Id* p. 7

WHEREFORE, CURB prays that the Commission adopt the recommendations presented in Staff's R&R.

Respectfully submitted,



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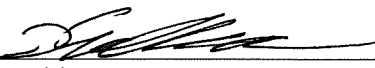
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VERIFICATION

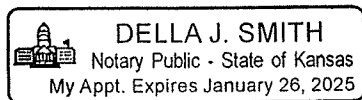
STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss:

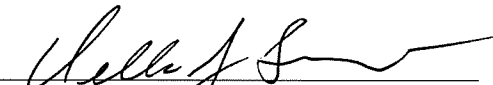
I, Todd E. Love, of lawful age and being first duly sworn upon my oath, state that I am an attorney for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



Todd E. Love

SUBSCRIBED AND SWORN to before me this 26th day of May, 2022.





Notary Public

My Commission expires: 01-26-2025.

CERTIFICATE OF SERVICE

19-KCPE-053-CPL

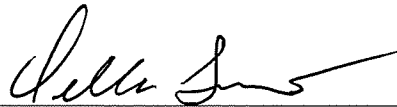
I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 26th day of May, 2022, to the following:

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